

## Message Text

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14

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 DODE-00 PA-02 PRS-01

PM-04 NSC-05 SS-15 /093 W  
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R 231832Z JAN 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 4242

UNCLAS BUENOS AIRES 0467

E.O. 11652: N/A

TAGS: ELAB, ECON, PINT, AR

SUBJ: GOA DECREES WAGE INCREASE

1. AN ACROSS-THE-BOARD WAGE INCREASE FOR ALL PUBLIC AND PRIVATE SECTOR EMPLOYEES OF 18 PERCENT, PLUS A 40 PERCENT INCREASE IN FAMILY ALLOWANCES, RETROACTIVE TO JAN 1, WAS ANNOUNCED BY MINECOM CAFIERO ON JAN 23. THE MINIMUM INCREASE IS 1,500 PESOS. THE FAMILY ALLOWANCE INCREASE WAS CALCULATED AS AMOUNTING TO A 6 PER CENT INCREASE, THEREBY RAISING THE OVERALL INCREASE TO AN AVERAGE 24 PERCENT. THE NEW WAGE LEVELS ARE EFFECTIVE THROUGH MAR 31, AT WHICH TIME ADDITIONAL INCREASES WILL BE CONSIDERED. CAFIERO ANNOUNCED THAT COMPANIES MAY RAISE THEIR PRICES BY AMOUNT SUFFICIENT TO OFFSET WAGE INCREASES.

2. THE INCREASE WAS REACHED THROUGH GOA-LABOR CONSULTATIONS. EXCLUDED WAS THE BUSINESS SECTOR, WHICH EXPRESSED ITS DISAPPOINTMENT BOTH WITH THE AMOUNT AND WITH ITS LACK OF PARTICIPATION IN THE NEGOTIATIONS.

3. COMMENT. LABOR'S VIEWPOINT APPARENTLY PREVAILED IN THE NEGOTIATIONS. THE BUSINESS-ORIENTED NEWSPAPER EL CRONISTA HAILED THE SETTLEMENT AS AN UNQUESTIONED VICTORY FOR THE LABOR SECTOR. IT SUGGESTED THAT THE REAL INCREASE, BASED ON COL  
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STATISTICS, SHOULD HAVE BEEN A GLOBAL 15 TO 20 PERCENT,

RATHER THAN THE ACTUAL 24 PERCENT. HOWEVER, LA OPINION NOTED THAT IT AMOUNTED ONLY TO AN INCREASE IN REAL WAGES OF 2.6 PERCENT AS THE JANUARY INFLATION RATE WAS 15 PERCENT. REGARDLESS OF WHICH SECTOR EMERGED VICTORIOUS, IT IS OBVIOUS THAT IT DID NOT FULLY SATISFY MUCH OF THE WORKING CLASS. SOME UNIONS HAVE ALREADY EXPRESSED THEIR VIEW THAT IT WAS INADEQUATE AND ARE MAKING ADDITIONAL WAGE DEMANDS. IT IS, AT BEST, A STOP-GAP MEASURE. STILL LACKING IS A REALISTIC WAGE/PRICE POLICY CONDUCIVE TO GETTING THE ECONOMY ON THE ROAD TO RECOVERY.  
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## Message Attributes

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